

Article - Public Utilities

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§23–201.

(a) (1) In this section the following words have the meanings indicated.

(2) “Authorization for service” means an application by a property owner or developer to the Commission for water or sewer service that requires the construction of subdivision lines.

(3) “Development” means a project for the construction of:

(i) two or more residential dwelling units; or

(ii) a commercial or industrial structure.

(4) “Health hazard” means an owner–occupied residential property with a failing well or septic system as certified by the State or a local health department.

(5) “Payment security” means security to guarantee payment to the utility contractor, subcontractors, and suppliers that provide labor, materials, or construction equipment for the construction of subdivision lines.

(6) “Performance security” means security to guarantee completion of the construction of subdivision lines.

(7) (i) “Subdivision lines” means the water and sewer pipelines or facilities necessary to provide service to a development, including service connections to individual lots or properties in a development.

(ii) “Subdivision lines” does not include pipelines or facilities that constitute major projects as defined in § 23–301 of this title.

(b) (1) Subject to paragraph (2) of this subsection, this section does not apply to:

(i) authorizations for service for which:

1. application was made with the Commission on or before June 30, 1999; and

2. the Commission entered into a contract for construction of subdivision lines with notice to proceed issued by the Commission to its contractor on or before June 30, 2001; or

(ii) authorizations for service for the relief of health hazards.

(2) Each part of a multipart authorization for service shall be considered a separate authorization under paragraph (1) of this subsection.

(c) Notwithstanding any other provision of law and except as provided in subsection (b) of this section, the owner or developer of a development in the sanitary district shall construct all subdivision lines for the development at the expense of the owner or developer.

(d) Before constructing subdivision lines, the owner or developer of a development shall enter into an agreement with the Commission that:

(1) requires the subdivision lines to be constructed under plans and specifications submitted to and approved by the Commission;

(2) requires the owner or developer to comply with all applicable laws and requirements for the construction of the subdivision lines;

(3) provides for the inspection of the subdivision lines by the Commission before the line is placed in service;

(4) requires the property owner or developer to provide:

(i) performance security payable to the Commission in an amount acceptable to the Commission, taking into account potential cost escalation; and

(ii) payment security payable to the Commission in an amount equal to the amount of the performance security; and

(5) provides that before the subdivision lines are placed in service, the property owner or developer shall provide the Commission with a release of liens, on a form acceptable to the Commission, signed by the utility contractor and notarized, stating that the utility contractor, subcontractors, and suppliers have been paid.

(e) Acceptable forms of performance security and payment security under subsection (d) of this section are:

- (1) a certified check;
- (2) a cash deposit;
- (3) a certificate of deposit;
- (4) an irrevocable letter of credit from a financial institution acceptable to the Commission and in a form acceptable to the Commission;
- (5) a bond executed by a surety company authorized to do business in the State; or
- (6) any other form of security acceptable to the Commission.

(f) (1) (i) A utility contractor, subcontractor, or supplier providing labor, materials, or equipment for the construction of the subdivision lines that has not been paid may file a claim against the payment security within 180 days after completion of construction of the subdivision lines under the procedure required in the payment security.

(ii) If a procedure is not specified in the payment security, the procedure shall be as established by regulations adopted by the Commission.

(2) The Commission may not release or reduce the amount of the payment security until:

- (i) all claimants have been paid; or
- (ii) 180 days have passed since completion of construction and no claims have been made.

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